THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult a stockbroker or their registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Modern Land (China) Co., Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

MOMA

MODERN LAND (CHINA) CO., LIMITED
當代置業(中國)有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1107)

MAJOR TRANSACTION IN RELATION TO THE JOINT DEVELOPMENT OF A PROPERTY DEVELOPMENT PROJECT IN JINJIANG, FUJIAN PROVINCE

A letter from the Board is set out on pages 4 to 13 of this circular.

22 June 2017

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Acquisition"	the proposed acquisition of the entire equity interest in Shengshi Lianbang pursuant to the Joint Development Agreement
"Announcement"	the announcement of the Company dated 4 May 2017 in relation to, among other things, the Acquisition
"associate"	has the meaning as ascribed to it in the Listing Rules
"Board"	the board of Directors
"Business Day"	a day on which banks in Hong Kong and the PRC are open for normal business (excluding Saturday, Sunday, public holidays in Hong Kong or PRC or days on which a tropical cyclone signal number 8 or above or black rain storm warning is hoisted at any time between 9:00 a.m. to 12:00 noon and which has not been lowered by 12:00 noon on the same day)
"Company"	Modern Land (China) Co., Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
"connected person"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company from time to time
"Enlarged Group"	the Group as enlarged by the consolidation of Shengshi Lianbang
"GFA"	gross floor area
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Independent Third Party(ies)"	third party(ies) independent of the Company and are not connected persons (as defined under the Listing Rules) of the Company
"Joint Development Agreement"	the joint development agreement dated 4 May 2017 (as supplemented by the supplemental agreement thereto of the same date) entered into among Zhanlan Tuozhan, Xiamen Yuelian, Xiamen Xinjingdi and Shengshi Lianbang in respect of the Acquisition
"Land"	the land parcels situated in Chidian Town, Jinjiang, Quanzhou, Fujian Province, the PRC
"Latest Practicable Date"	21 June 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	holder(s) of the Shares
"Share(s)"	ordinary share(s) with a nominal value of US$0.01 each in the share capital of the Company
"Share Option Scheme"	the share option scheme adopted by the Company on 14 June 2013
"Shengshi Lianbang"	Fujian Shengshi Lianbang Real Estate Development Company Limited, a company established in the PRC with limited liability
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Super Land"	Super Land Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling Shareholder as at the Latest Practicable Date

"US$"	US dollar, the lawful currency of the United States of America
"Vendors"	collectively, Xiamen Yuelian and Xiamen Xinjingdi
"Xiamen Xinjingdi"	Xiamen Xinjingdi Group Company Limited, a company established in the PRC with limited liability
"Xiamen Yuelian"	Xiamen Yuelian Real Estate Company Limited, a company established in the PRC with limited liability
"Xinjingcheng Project"	the property development project over the Land with the name "泉州市新景城項目"
"Zhanlan Tuozhan"	Zhanlan Tuozhan Real Estate (Beijing) Co., Ltd., a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
"%"	per cent.

For the purpose of this circular, the exchange rate of RMB1 = HK$1.13 has been used for currency conversions. This is for the purpose of illustration only and does not constitute a representation that any amounts in RMB or HK$ have been, could have been or may be converted at such rate or any other exchange rate.

In this circular, the English names of the PRC entities are translation of their Chinese names and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

MODERN LAND (CHINA) CO., LIMITED
當代置業(中國)有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1107)

Executive Directors:	*Registered office:*
Mr. Zhang Lei *(Chairman)*	Cricket Square
Mr. Zhang Peng *(President)*	Hutchins Drive
Mr. Chen Yin	P.O. Box 2681
	Grand Cayman
Non-executive Directors:	KY1-1111
Mr. Fan Qingguo	Cayman Islands
Mr. Zhong Tianxiang	
Mr. Chen Zhiwei	*Principal place of business in Hong Kong:*
Mr. Chen Anhua	Room 505
	ICBC Tower
Independent non-executive Directors:	3 Garden Road
Mr. Qin Youguo	Central
Mr. Cui Jian	Hong Kong
Mr. Hui Chun Ho, Eric	
Mr. Zhong Bin	22 June 2017

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE JOINT DEVELOPMENT OF A PROPERTY DEVELOPMENT PROJECT IN JINJIANG, FUJIAN PROVINCE

INTRODUCTION

On 4 May 2017, the Board announced that Zhanlan Tuozhan (an indirect wholly-owned subsidiary of the Company), the Vendors and Shengshi Lianbang entered into the Joint Development Agreement pursuant to which, among other things, the parties agreed to cooperate in the development of the Land located in Jinjiang, Fujian Province, the PRC via Shengshi Lianbang. The net consideration payable by Zhanlan Tuozhan under the Joint Development Agreement is RMB1,800,000,000 (equivalent to HK$2,034,000,000). In addition, it is proposed that Zhanlan Tuozhan will inject RMB13,421,000 (equivalent to HK$15,165,730) into Shengshi Lianbang as registered capital. The Land is planned for residential, hotel, commercial and office uses.

The purpose of this circular is to provide you with information in respect of, among other things, (i) the details of the Joint Development Agreement; (ii) the financial information of the Group; (iii) the financial information of Shengshi Lianbang; (iv) the unaudited pro forma financial information of the Enlarged Group; and (v) the valuation report of the Land.

THE JOINT DEVELOPMENT AGREEMENT

The salient terms of the Joint Development Agreement are set out as follows:

Date

4 May 2017

Parties

(1) Zhanlan Tuozhan (an indirect wholly-owned subsidiary of the Company) (as purchaser);

(2) Xiamen Yuelian (as vendor);

(3) Xiamen Xinjingdi (as vendor); and

(4) Shengshi Lianbang (the target company)

To the best knowledge, information and belief of the Board and after making all reasonable enquiries, each of Xiamen Yuelian, Xiamen Xinjingdi and its ultimate beneficial owner(s) are Independent Third Parties.

Subject assets to be acquired

Before the Capital Increase (as defined below), Shengshi Lianbang had a registered capital of RMB53,684,000, which was fully paid up and held as to 81% and 19% by Xiamen Yuelian and Xiamen Xinjingdi, respectively.

As agreed by the parties to the Joint Development Agreement, Zhanlan Tuozhan shall acquire the equity interest held by the Vendors in Shengshi Lianbang. The equity transfer will be conducted in two stages, the parties will first complete the transfer of 51% equity interest in Shengshi Lianbang with the remaining 49% pledged to Zhanlan Tuozhan. Zhanlan Tuozhan may at any time thereafter serve a written notice to the Vendors and the Vendors are obliged to unconditionally transfer the 49% equity interest in Shengshi Lianbang to Zhanlan Tuozhan within 10 Business Days for a consideration of RMB32,881,450 which is included in the consideration for the Acquisition.

Shengshi Lianbang acquired the Land by way of land use rights bidding held in July 2013. The total site area of the Land is 133,254 square metres and is planned for residential, hotel, commercial and office uses. The Xinjingcheng Project in respect of the Land upon completion will provide an estimated residential and commercial GFA of approximately 506,000 square metres, out of which the estimated residential GFA will be approximately 426,000 square metres and the estimated commercial GFA will be approximately 80,000 square metres. As agreed by the parties to the Joint Development Agreement, Zhanlan Tuozhan shall not be responsible for the development of the commercial GFA and the Vendors will repurchase the commercial properties erected on the Land with an estimated GFA of approximately 80,000 square metres from Zhanlan Tuozhan in accordance with the terms of the Joint Development Agreement.

The Group is a property developer focused on developing residential properties with a wealth of experience in residential property development and sales, but has not much experience in large-scale commercial property development and in hotel operations. The Vendors have been operating hotels for a long time and own plenty of experience in commercial property development and hotel operations.

Since it is stated in the land use rights grant contract and the land use rights certificate of the Land that the Land is for commercial and residential uses, which cannot be separated under the current situation, as at the date of the Joint Development Agreement, the legal title of the Land could not be divided into commercial land and residential land and to be acquired separately. According to Article 26 of the Law of the PRC on the Administration of Urban Real Estate, where real estate development is carried out on the land the use rights of which are acquired by means of grant, the land must be developed in line with the purposes of the land as stipulated in the land use rights grant contract. The division of the legal title of the Land shall be approved by the relevant land authority. In addition, according to the relevant PRC laws, any construction-in-progress can only be transferred when the level of completion thereof reaches 25%. Taking into account the aforesaid reasons, the parties agreed that Zhanlan Tuozhan shall be responsible for the development of the residential GFA, while the Vendors shall be responsible for the development of the commercial GFA and the negotiations with the governmental authorities with regard to the land division issue.

Consideration

The aggregate consideration payable by Zhanlan Tuozhan under the Joint Development Agreement is RMB1,910,000,000 (equivalent to HK$2,158,300,000), out of which RMB110,000,000 will be repaid by the Vendors to Zhanlan Tuozhan to repurchase the commercial properties erected on the Land with an estimated GFA of approximately 80,000 square metres from Zhanlan Tuozhan in accordance with the terms of the Joint Development Agreement. As such, the net consideration payable by Zhanlan Tuozhan for the Acquisition is RMB1,800,000,000.

The terms of the Joint Development Agreement were determined based on arm's length negotiations among the parties thereto. The consideration for the Acquisition of RMB1,800,000,000 was determined based on the estimated GFA of the Land of approximately

426,000 square metres (exclusive of the estimated commercial GFA of approximately 80,000 square metres which will be repurchased by the Vendors), multiplied by RMB4,230 per square metre. The price per square metre of RMB4,230 was determined based on the prevailing market price of land in Chidian Town, Jinjiang, Quanzhou, Fujian Province, the PRC.

On the basis that the consideration for the Acquisition was negotiated among the parties to the Joint Development Agreement taking into account the current land market situation in Jinjiang, the Board considers that the consideration for the Acquisition is fair and reasonable.

As at the Latest Practicable Date, Zhanlan Tuozhan has also injected RMB13,421,000 (equivalent to HK$15,165,730) into Shengshi Lianbang as registered capital, representing 20% of the enlarged registered capital of Shengshi Lianbang (the "**Capital Increase**").

The consideration under the Joint Development Agreement will be payable by Zhanlan Tuozhan in cash as described below:

(i) Within three (3) days from the date of the Joint Development Agreement, Zhanlan Tuozhan shall pay RMB360,000,000 (the "**First Installment**") to a bank account under the name of Shengshi Lianbang (the "**Joint Account**") jointly set up by Zhanlan Tuozhan and the Vendors.

As at the Latest Practicable Date, the First Installment has been paid in full by Zhanlan Tuozhan.

(ii) Within the next Business Day following completion of the registration procedures with the administration for industry and commerce in relation to the Capital Increase and Zhanlan Tuozhan as the registered holder of 20% equity interest in Shengshi Lianbang, the First Installment shall be released from the Joint Account to the Vendors.

As at the Latest Practicable Date, the above-mentioned registration procedures with the administration for industry and commerce have completed and the First Installment has been released from the Joint Account to the Vendors.

(iii) Within 60 days from the date of completion of registration procedures with the administration for industry and commerce as referred to item (ii) above, Zhanlan Tuozhan shall pay RMB1,386,316,000 to the Joint Account and RMB53,684,000 to a bank account under the name of Zhanlan Tuozhan jointly set up by Zhanlan Tuozhan and the Vendors (the "**Second Installment**").

(iv) Within 15 days from the date of payment of the Second Installment, Zhanlan Tuozhan and the Vendors shall complete the transfer of 31% equity interest in Shengshi Lianbang and the relevant registration procedures with the administration for industry and commerce. Within the second Business Day following completion of the said registration procedures with the administration for industry and commerce, RMB558,000,000 out of the Second Installment shall be released to the Vendors. Within the second Business Day following the pledge of 49% equity interest in Shengshi Lianbang by the Vendors to Zhanlan Tuozhan, the remaining RMB882,000,000 of the Second Installment shall be released to the Vendors.

(v) When the portion of the Land designated for commercial use is developed to the stage that it can be pre-sold, Zhanlan Tuozhan shall pay RMB110,000,000, being the third and last installment of the consideration, to the Vendors. Within five (5) Business Days from such payment, the Vendors shall repurchase the commercial properties erected on the Land with an estimated GFA of approximately 80,000 square metres from Zhanlan Tuozhan for the consideration of RMB110,000,000 plus the related development cost.

The consideration under the Joint Development Agreement will be funded from internal resources of the Group.

Completion

The completion of the Acquisition is not subject to any condition precedent.

Completion of the acquisition of the 51% equity interest in Shengshi Lianbang shall take place upon completion of the registration procedures with the administration for industry and commerce in relation to the Capital Increase and the transfer of 31% equity interest in Shengshi Lianbang from the Vendors to Zhanlan Tuozhan.

Upon exercise of the right by Zhanlan Tuozhan to require the Vendors to dispose of their 49% equity interest in Shengshi Lianbang by serving a written notice to the Vendors, the Vendors are obliged to unconditionally transfer the 49% equity interest in Shengshi Lianbang to Zhanlan Tuozhan within ten (10) Business Days. Completion of the transfer of the 49% equity interest in Shengshi Lianbang shall take place upon completion of the registration procedures thereof with the administration for industry and commerce.

Upon completion of the Acquisition, Shengshi Lianbang will become an indirect wholly-owned subsidiary of the Company and its results will consolidated into the accounts of the Group.

As at the Latest Practicable Date, completion of the Acquisition has not taken place.

INFORMATION ABOUT PARTIES TO THE JOINT DEVELOPMENT AGREEMENT

The Company and Zhanlan Tuozhan

The Company is incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Group is a property developer focused on the development on green, energy-saving and eco-friendly residences in the PRC.

Zhanlan Tuozhan is a company established in the PRC with limited liability. It is an indirect wholly-owned subsidiary of the Company and has not commenced operation as at the Latest Practicable Date.

Xiamen Yuelian

Xiamen Yuelian is a company established in the PRC with limited liability and is principally engaged in property investment in the PRC.

Xiamen Xinjingdi

Xiamen Xinjingdi is a company established in the PRC with limited liability and is principally engaged in property investment in the PRC.

Shengshi Lianbang

Shengshi Lianbang is a company established in the PRC with limited liability and is principally engaged in the development of the Land. As at the Latest Practicable Date, it has a registered capital of RMB67,105,000 and is held by Xiamen Yuelian, Zhanlan Tuozhan, Xiamen Xinjingdi as to 64.8%, 20% and 15.2%, respectively.

INFORMATION ABOUT THE LAND

The Land was acquired by Shengshi Lianbang by way of land use rights bidding held in July 2013. It is located at Chidian Town, Jinjiang, Quanzhou, Fujian Province, the PRC.

The total site area of the Land is 133,254 square metres and is planned for residential, hotel, commercial and office uses. The Xinjingcheng Project in respect of the Land upon completion will provide an estimated residential and commercial GFA of approximately 506,000 square metres, out of which the estimated residential GFA will be approximately 426,000 square metres and the estimated commercial GFA will be approximately 80,000 square metres.

It is the plan of the Group that the Land will be developed in two phases. Currently, it is under the planning stage and land consolidation stage. It is expected that the construction commencement and completion dates will be on or around 20 July 2017 and 30 May 2020, respectively.

As stated in the land use rights grant contract of the Land and the supplemental contract thereto, the construction works shall commence on 5 January 2014 and be completed prior to 5 July 2016. However, due to a combination of a number of objective factors, including but not limited to the fact that part of the Land is occupied by the government and the power transmission lines have not been relocated, the construction works on the Land cannot be implemented as scheduled and the commencement and completion dates of the construction works as stated in the land use rights grant contract have lapsed. As provided in the land use rights grant contract, the transferee shall pay idle land fee in accordance with the PRC laws in the event that the Land is left idle between one to two years. If the Land is left idle for more than two years, the transferor shall have the right to reclaim the Land with no consideration. In the event that the transferee fails to commence or complete the construction works on the Land by the commencement date or the completion date as stated in the land use rights grant contract or the extended date(s) as agreed between the parties, a daily penalty representing 0.1% of the purchase price of the Land under the land use rights grant contract shall be payable. The transferee shall only be liable for the aforesaid idle land fee and penalty if the non-compliance is solely caused by the transferee. According to Article 26 of the Law of the PRC on the Administration of Urban Real Estate, the penalty shall not be charged where the commencement of construction works is delayed due to force majeure, an act of the government or relevant government departments, or preliminary work necessary for the commencement of construction.

As explained above, the delay in commencement of the construction works on the Land is not caused by the Vendors or Shengshi Lianbang and Shengshi Lianbang has legal basis to file an application for the extension of the period of construction works on the Land. Shengshi Lianbang is in the process of applying for the extension of the completion date of the construction works until 30 May 2020. The application for the extension of the completion date of the construction works is accepted by the relevant land authority on a preliminary basis, which indicates that the Land is not considered as idle land by the government. It is expected that the approval of the extension application will be obtained on or around 30 June 2017. If the Group is able to complete the construction works by such extended completion date, no idle land fee or penalty shall be payable.

In the PRC, a majority of land reserves are kept by the government and there are very limited land parcels transferrable in the second-hand land market, which indicates that this is the vendor’s market. In addition, the land price in Quanzhou has been in a rising trend in recent years. Based on the due diligence and assessment of the risks associated with the Land and the Xinjingcheng Project, the Company is of the view that the idle land risk of the Land is relatively low. Thus, the Company decided to promptly negotiate with and execute the Joint Development Agreement with the Vendors to secure the rights to develop the Land and obtain the potential profit to be generated from the Land. Moreover, the Vendors have made the extension application and the land authority has indicated its preliminary acceptance of the extension application. Therefore, the obtaining of the approval on the extension application is not set as a condition precedent for the completion of the Acquisition.

Please refer to Appendix V to this circular for the property valuation report of the property interests held by Shengshi Lianbang.

FINANCIAL INFORMATION OF SHENGSHI LIANBANG

Set out below is the unaudited financial information of Shengshi Lianbang for the two years ended 31 December 2015 and 2016 prepared according to the PRC accounting standards:

	For the year ended 31 December 2016 *(RMB)*	For the year ended 31 December 2015 *(RMB)*
Net loss before tax	1,626,000	1,995,000
Net loss after tax	1,626,000	1,995,000

The total and net asset value of Shengshi Lianbang as 31 March 2017 were approximately RMB716,834,289.92 and RMB53,684,000.00, respectively.

Please refer to Appendices II and IV to this circular for further details about the financial information of Shengshi Lianbang for the three years ended 31 December 2014, 2015 and 2016.

REASONS FOR AND BENEFIT OF ENTERING INTO THE JOINT DEVELOPMENT AGREEMENT

The Group is a property developer focused on the development of green, energy-saving and ecofriendly residences in the PRC.

The Group has been focusing on its development strategies on stepping up development in existing cities and expanding into first and second-tier cities and their surrounding cities as well as increasing its land bank to maintain its sustained development. The Acquisition will enable the Group to acquire a controlling interest of Shengshi Lianbang, which holds the land use rights of the Land. In view of the designated uses and development potential of the Land, the Board considers that the Acquisition offers a good opportunity for the Group to enhance its portfolio in the property market in Fujian Province, the PRC with a view to bringing more investment return for the Shareholders.

The Board is of the view that the terms of the Joint Development Agreement are on normal commercial terms after arm's length negotiations among the parties, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE ACQUISITION

Upon completion of the Acquisition, Shengshi Lianbang will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group.

1. Assets and liabilities

As detailed in the unaudited pro forma statement of the consolidated assets and liabilities of the Enlarged Group in Appendix III to this circular, assuming the Acquisition was completed as at 31 December 2016, the unaudited pro forma consolidated assets of the Enlarged Group would have increased from approximately RMB28,507.0 million to RMB28,507.3 million, the unaudited pro forma consolidated liabilities of the Enlarged Group would have increased from approximately RMB23,775.5 million to RMB23,775.8 million and the net assets would have remain unchanged as a result of the Acquisition.

When the portion of the Land designated for commercial use is developed to the stage that it can be pre-sold, the commercial properties erected on that portion of the Land with an estimated GFA of approximately 80,000 square metres will be repurchased by the Vendor with the consideration of RMB110,000,000 plus the related development cost in accordance with the terms of the Joint Development Agreement. As the development of that portion of the Land is controlled by the Vendor and it will be repurchased by the Vendor at costs, the risks and awards of that portion of the Land will not be transferred to the Company pursuant to the Joint Development Agreement, therefore, the Group will recognise the related cost of RMB110,000,000, and any development cost incurred subsequently, as receivables from the Vendor on the consolidated financial statements after the completion of the Acquisition and before the commercial properties are repurchased by the Vendor.

2. Earnings

Upon completion of the Acquisition, the financial results of Shengshi Lianbang will be consolidated into the consolidated financial statements of the Group. While there is no immediate material impact on earnings of the Group, the Directors believe that the Acquisition would enhance the Group's business development.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in the Listing Rules in respect of the Acquisition under the Joint Development Agreement and the Capital Increase is/are more than 25% but less than 100%, the entering into of the Joint Development Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. As such, the Joint Development Agreement and the Acquisition contemplated thereunder and the Capital Increase are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Super Land owns 66.34% of the total number of issued Shares of the Company. On 4 May 2017, the Company received Super Land's written consent to the Acquisition, the Capital Increase and the entering into of the Joint Development Agreement by Zhanlan Tuozhan. As (i) no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition and the Capital Increase; and (ii) Super Land holds more than 50% of the voting rights that would be exercisable at any such general meeting, Super Land's written consent is acceptable in lieu of holding a general meeting of the Company for approval of the Acquisition and the Capital Increase pursuant to Rule 14.44 of the Listing Rules.

RECOMMENDATION

The Directors, including the independent non-executive Directors, are of the view that the terms of the Joint Development Agreement and the transactions contemplated thereunder is fair and reasonable and in the interest of the Group and the Shareholders as a whole. Accordingly, should a resolution be put at a general meeting of the Company for the Shareholders to consider the same, the Directors would recommend the Shareholders to vote in favour of such resolution.

FURTHER INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
Modern Land (China) Co., Limited
Zhang Peng
President and Executive Director

I. FINANCIAL INFORMATION OF THE GROUP FOR THE THREE FINANCIAL YEARS ENDED 31 DECEMBER 2016

Financial information of the Group for the three years ended 31 December 2014, 2015 and 2016 are disclosed on pages 105 to 252 of the annual report of the Company for the year ended 31 December 2014, pages 107 to 268 of the annual report of the Company for the year ended 31 December 2015 and pages 156 to 296 of the annual report of the Company for the year ended 31 December 2016, respectively, all of which are published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.modernland.hk. Quick links to the annual reports of the Company are set out below:

Annual report of the Company for the year ended 31 December 2014:

http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0417/LTN20150417337.pdf

Annual report of the Company for the year ended 31 December 2015:

http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0412/LTN20160412477.pdf

Annual report of the Company for the year ended 31 December 2016:

http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0321/LTN201703211074.pdf

II. INDEBTEDNESS

1. Borrowings

As at the close of business on 30 April 2017, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Enlarged Group had outstanding borrowings of approximately RMB14,411,282,000, details of which are set out as follows:

	RMB'000
Senior notes, secured and guaranteed	4,308,188
Corporate bond, unsecured and unguaranteed	1,000,000
Bank loans, secured	3,593,924
Other borrowings, secured	2,950,000
Amount due to minority owners of subsidiaries unsecured	1,319,759
Amount due to third parties, unsecured	1,239,411
	14,411,282

2. Contingent liabilities and other guarantees

As at the close of business on 30 April 2017, the Enlarged Group's financial guarantee and contingent liabilities were as follows:

The Enlarged Group provided guarantees to the extent of RMB7,365,578,729 to banks in respect of mortgage loans provided by the banks to the customers for the purchase of properties developed by the Enlarged Group. These guarantees provided by the Enlarged Group for customers to the banks would be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

As at 30 April 2017, the Enlarged Group provided guarantees to bank loans and other loans of joint ventures amounting to RMB1,028,900,000.

III. WORKING CAPITAL

After taking into account the Enlarged Group's available resources, including internally generated funds, external borrowings and the presently available banking facilities, in the absence of unforeseen circumstances, the Directors are of the opinion that the Enlarged Group will have sufficient working capital to meet its present requirements for the next twelve months from the date of this circular.

IV. MATERIAL ADVERSE CHANGE

The Directors were not aware of any material adverse change to the financial or trading position of the Group since 31 December 2016, being the date to which the latest audited consolidated financial statements of the Company were published.

V. OUTLOOK AND PROSPECTS

Upon completion of the Acquisition, the Enlarged Group will continue to be principally engaged in property development in the PRC while Shengshi Lianbang will continue to be engaged in development of the Land. The total site area of the Land is 133,254 square metres and is planned for residential, hotel, commercial and office uses. The Xinjingcheng Project in respect of the Land upon completion will provide an estimated residential and commercial GFA of approximately 506,000 square metres, out of which the estimated residential GFA will be approximately 426,000 square metres and the estimated commercial GFA will be approximately 80,000 square metres.

The unaudited pro forma financial information of the Enlarged Group illustrating the financial impact of the Acquisition on the assets and liabilities of the Group is set out in Appendix III to this circular. The unaudited pro forma financial information of the Enlarged Group has been prepared for illustration purpose only, based on the judgments and assumptions of the Directors, and, due to its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group as at the date of completion of the Acquisition or any future date.

In the coming ten years, the real estate industry in China will continue to demonstrate the trend of high differentiation, high concentration and high elimination. Due to the changing demographic structure, the property market in the following decade will record rapid development at a rate of no less than 1 billion square metres of newly constructed area per year. With the gradual changes in lifestyle in the PRC, home communities featuring full-cycle sustainable development of the industry, namely liveable community residence for all age groups will be in the ascendant.

In 2017, the Group will grasp this important opportunity to integrate its development in different areas. The Group will enlarge its scale by acquiring land steadily. Emphasis would continue to be laid on first and strong second tier cities, including satellite cities nearby unaffected by home-purchase restrictions with a large client base, sufficient industry support and reasonable stock-to-sales ratios. The Group will also continue to promote product innovation and continuously strengthen its core competitiveness (i.e. "unique heating and cooling solutions + unique air quality solutions + unique solutions for reducing energy consumption and operation costs").

VI. OTHER INFORMATION

(a) Liquidity and Financial Resources

As at 31 December 2016, the Group's cash, restricted cash and bank balances were approximately RMB6,762,300,000.

As at 31 December 2016, the Group's total borrowings were approximately RMB10,021,000,000.

(b) Gearing Ratio

As at 31 December 2016, the Group's net debt ratio (calculated by net borrowings divided by total equity) was approximately 68.9%.

(c) Employee and Remuneration Policy

As at 31 December 2016, the Group had an aggregate of 1,103 employees. The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees (including the Directors) with reference to individual performance and current market rate.

(d) Material acquisitions by the Group

Other than the Acquisition and the transaction(s) as disclosed below, the Group has not entered into any material acquisitions after 31 December 2016, being the date to which the latest published audited accounts of the Company have been made up:

(1) On 3 March 2017, Tengfei Moma Real Estate (Beijing) Co., Ltd. (an indirect wholly-owned subsidiary of the Company) ("Tengfei Moma") entered into an equity transfer agreement with Mr. Guan Zhiquan ("Mr. Guan"), Xizang Yulong Real Estate Co., Ltd. ("Xizang Yulong") and Wuhan Zhonglian Shengming Real Estate Company Limited ("Zhonglian Shengming"), whereby Tengfei Moma conditionally agreed to acquire 2% and 98% equity interest (in aggregate 100% equity interest) in Zhonglian Shengming from Mr. Guan and Xizang Yulong, respectively, at the consideration of RMB949,850,000.

(2) On 11 March 2017, New Power (Beijing) Architectural Technology Co., Ltd. ("Beijing New Power"), an indirect wholly-owned subsidiary of the Company, entered into certain partnership interest transfer agreements to acquire approximately 51.31% and 61.02% partnership interest in Jiaxing Changtian Lifeng No. 1 Investment Management Partnership (Limited Partnership) ("Lifeng No. 1") and Jiaxing Changtian Lifeng No. 2 Investment Management Partnership (Limited Partnership) ("Lifeng No. 2"), respectively, for an aggregate consideration of RMB3,735,000. On the same date, Lifeng No. 1 and Lifeng No. 2 entered into certain equity transfer agreements to dispose of 3.97% and 2.18% equity interest in First Moma Renju Environmental Technology (Beijing) Company Limited, respectively for the exchange of giving up the transferees' rights of distribution in Lifeng No. 1 and Lifeng No. 2.

(3) On 5 April 2017, Modern Green Development Group Hongye Benpao Technology (Beijing) Company Limited ("Hongye Benpao"), an indirect wholly-owned subsidiary of the Company, entered into an equity cooperation agreement with Foshan Changxin Tianhao Investment Company Limited ("Tianhao Investment") and Foshan Changxin Hongchuang Real Estate Company Limited ("Hongchuang Real Estate"), pursuant to which, among other things, Hongye Benpao shall acquire the entire equity interest of Hongchuang Real Estate and the total sum of loans and debts owed by Hongchuang Real Estate to Tianhao Investment and other existing creditors as at the date of the equity cooperation agreement at an aggregate consideration of approximately RMB230,877,436.

(4) On 5 April 2017, Zhihui Hongye Real Estate (Beijing) Company Limited ("Zhihui Hongye"), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Foshan Nanhai Yongxin Investment Company Limited ("Yongxin Investment"), Foshan Changxin Yinhao Investment Company Limited ("Yinhao Investment") and Foshan Xinlong Real Estate Investment Company Limited ("Xinlong Real Estate"), pursuant to which, among other things, Zhihui Hongye shall acquire the entire equity interest in Xinlong Real Estate and the total sum of loans and debts owed by Xinlong Real Estate to Yinhao Investment and Yongxin Investment as at the date of the equity transfer agreement at an aggregate consideration of approximately RMB202,275,598.

(5) On 5 May 2017, Zhanlan MOMA Real Estate (Beijing) Co., Ltd. ("Zhanlan MOMA") and Modern Green Development Co., Ltd. ("Modern Green Development") (both being indirect wholly-owned subsidiaries of the Company) entered into an equity and loan transfer agreement (the "Transfer Agreement") with Jiang Yang Group Co., Ltd, Ms. Chen Jun and Mr. Ding Wenquan (collectively, the "Vendors"), pursuant to which, Zhanlan MOMA agreed to acquire the entire equity interest in the target company, namely Jiangsu Jiang Yang Jin Xin Real Estate Development Co., Ltd. ("Jiang Yang Jin Xin") and settle the outstanding loans owed by Jiang Yang Jin Xin to its external creditor(s) at a total consideration of RMB434,000,000. On 16 June 2017, the parties to the Transfer Agreement entered into a termination agreement (the "Termination Agreement") whereby the parties agreed to terminate the Transfer Agreement with immediate effect and the Vendors shall refund the first instalment of the consideration under the Transfer Agreement to Zhanlan MOMA.

(6) On 9 May 2017, Modern Green Development entered into an agreement with Shanghai Zhongcheng Canshuo Investment Center (Limited Partnership) ("Zhongcheng Canshuo Investment"), Hongrui (Beijing) Investment Management Company Limited ("Hongrui Investment") and Shanghai Zhongcheng Allied Investment Management Holdings Limited ("Zhongcheng Allied Investment") whereby it was agreed that, among other things, major decisions of the board of directors of Wuhan Moma Development Co., Ltd. ("Wuhan Moma") (a company held as to 51% by the Company and was accounted for as a joint venture of the Group before the entering into of the Agreement) shall be resolved by a simple majority of the members of the board of directors instead of unanimous approval of all directors.

(7) On 22 May 2017, Modern Green Development entered into an agreement with Dingxin Changcheng (Beijing) Investment Management Company Limited ("Dingxin Changcheng"), Shengeng Tuozhan Investment (Beijing) Company Limited ("Shengeng Investment") and Yingtan Dingxin Yongchun Investment (Limited Partnership) ("Yingtan Dingxin") whereby it was agreed that, among other things, major decisions of the board of directors of Shengeng Investment (a company held as to 51% and 49% by Modern Green Development and Yingtan Dingxin, respectively, and a non wholly-owned subsidiary of the Company) shall be resolved by an unanimous approval instead of a majority approval.

The following is the text of a report set out on page 20 to 35, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MODERN LAND (CHINA) CO., LIMITED

Introduction

We report on the historical financial information of Fujian Shengshi Lianbang Real Estate Development Company Limited (the "Target Company") set out on pages 22 to 35, which comprises the statements of financial position of the Target Company as at 31 December 2014, 2015 and 2016, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the cash flow statements, for each of the years ended 31 December 2014, 2015 and 2016 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages 22 to 35 forms an integral part of this report, which has been prepared for inclusion in the circular issued by Modern Land (China) Co., Limited (the "Company") dated 22 June 2017 (the "Circular") in connection with the proposed acquisition of 100% equity interest in the Target Company by the Company (the "Proposed Acquisition").

Directors' responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Target Company's financial position as at 31 December 2014, 2015 and 2016 and of the Target Company's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page 22 have been made.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
22 June 2017

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Company for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "IAASB") ("Underlying Financial Statements").

Statements of profit or loss and other comprehensive income
(Expressed in RMB)

	Year ended 31 December		
	2014	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	–	–	–
Cost of sales	–	–	–
Gross profit	–	–	–
Other income	110	40	19
Administrative expenses	(1,935)	(2,034)	(1,644)
Financial costs	(2)	(1)	(1)
Loss from operations and loss before taxation	(1,827)	(1,995)	(1,626)
Income tax	–	–	–
Loss and total comprehensive income for the year	(1,827)	(1,995)	(1,626)

Statements of financial position

(Expressed in RMB)

	Notes	At 31 December		
		2014	**2015**	**2016**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment		650	495	340
Total Non-current assets		650	495	340
Current assets				
Properties under development for sale	*4*	673,962	677,969	682,263
Other receivables	*5*	5,000	78	177
Bank balances and cash	*6*	2,522	1,587	973
Total current assets		681,484	679,634	683,413
Current liabilities				
Other payables	*7*	650,061	650,051	655,301
Total current liabilities		650,061	650,051	655,301
Net current assets		31,423	29,583	28,112
NET ASSETS		32,073	30,078	28,452
Capital and reserves	*8*			
Paid-in capital		34,000	34,000	34,000
Reserves		(1,927)	(3,922)	(5,548)
TOTAL EQUITY		32,073	30,078	28,452

Statements of changes in equity
(Expressed in RMB)

	Paid-in capital *RMB'000*	Accumulated losses *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2014	20,000	(100)	19,900
Loss and total comprehensive income for the year	–	(1,827)	(1,827)
Capital injection	14,000	–	14,000
Balance at 31 December 2014 and 1 January 2015	34,000	(1,927)	32,073
Loss and total comprehensive income for the year	–	(1,995)	(1,995)
Balance at 31 December 2015 and 1 January 2016	34,000	(3,922)	30,078
Loss and total comprehensive income for the year	–	(1,626)	(1,626)
Balance at 31 December 2016	34,000	(5,548)	28,452

Cash flow statements

(Expressed in RMB)

	Year ended 31 December		
	2014	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*
Operating activities			
Loss before taxation	(1,827)	(1,995)	(1,626)
Depreciation of property, plant and equipment	150	155	155
	(1,677)	(1,840)	(1,471)
Increase in properties under development for sale	(322,779)	(4,007)	(4,294)
(Increase)/decrease in other receivables	(4,980)	4,922	(99)
Increase/(decrease) in other payables	258	(10)	250
Cash used in operating activities	(329,178)	(935)	(5,614)
Income tax paid	–	–	–
Net cash used in operating activities	(329,178)	(935)	(5,614)
Investing activities			
Purchase of property, plant and equipment	(29)	–	–
Net cash used in investing activities	(29)	–	–
Financing activities			
Capital injection	14,000	–	–
Repayment to a shareholder	(135,000)	–	–
Advances from a shareholder	–	–	1,500
Advances from related parties	441,000	–	3,500
Net cash generated from financing activities	320,000	–	5,000
Net decrease in cash and cash equivalents	(9,207)	(935)	(614)
Cash and cash equivalents at beginning of the year	11,729	2,522	1,587
Cash and cash equivalents at end of the year	2,522	1,587	973

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Fujian Shengshi Lianbang Real Estate Development Company Limited. (the "Target Company") was incorporated in Quanzhou on 30 August 2013 with limited liability under the Company law of the People's Republic of China.

The Target Company is mainly involved in the business of property development.

The equity interest of the Target Company was owned as to 51% by Xiamen Xinjingdi Group Company Limited ("Xiamen Xinjingdi") and 49% by Mr. Huang Yuezhong ("Mr. Huang"). On 12 August 2014, Ms. Wu Youzhen ("Ms. Wu"), the spouse of Mr. Huang, acquired equity interest of 41.2% by capital injection of RMB14,000,000. After the capital injection, the equity interest was owned as to 30% by Xiamen Xinjingdi, 28.8% by Mr. Huang and 41.2% by Ms. Wu. On 5 December 2016, the registered capital of the Target Company was increased to RMB53,684,000. The equity interest of the Target Company was owned as to 19% by Xiamen Xinjingdi, 18.25% by Mr. Huang and 62.75% by Ms. Wu thereupon.

As at the date of this report, no audited financial statements have been prepared for the Target Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.

The Historical Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board ("IASB"). Further details of the significant accounting policies adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Historical Financial Information, the Target Company has adopted all applicable new and revised IFRSs to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the accounting period beginning on 1 January 2016. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on 1 January 2016 are set out in Note 12.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Going concern

As at 31 December 2016, the Target Company has not yet generated any revenue and is dependent on financial support for business continuance. The Historical Financial Information has been prepared on a going concern basis as Modern Land (China) Co., Limited, on the condition that the acquisition of the Target Company would be successful, has undertaken to provide the necessary financial support, including an undertaking to provide financial support to the Target Company when its debts fall due. Accordingly, the Target Company will be able to meet its financial obligations for the foreseeable future.

(b) Basis of measurement

The Historical Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand. It is prepared on the historical cost basis.

(c) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 11.

(d) Properties under development for sale

Properties under development for sale which are intended to be sold in the ordinary course of business upon completion of development are classified as current assets, and carried at the lower of cost and net realisable value. Costs include the related land cost, development expenditure incurred and, where appropriate, borrowing costs capitalised.

Properties under development for sale are transferred to properties held for sale upon completion.

(e) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any recognised impairment losses.

Properties in the course of construction for production, supply or administrative purpose are carried at cost, less any recognised impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives after taking into account of their estimated residual values, using the straight-line method.

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

(f) Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Target Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transactions costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other receivables, amounts due from related parties, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

(ii) Financial liabilities

Financial liabilities including loans, trade payables, other payables and amounts due to related parties are subsequently measured at amortised cost, using the effective interest method.

(iii) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

(iv) Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire, or when the financial assets are transferred and the Target Company has transferred substantially all the risks and rewards of ownership of the financial assets to another entity.

On recognition of a financial asset in its entirety, the difference between the assets' carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the Target Company's obligation specified in the relevant contract is discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(g) Impairment of assets

(i) Impairment of other receivables

Other current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Target Company about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of receivables included within other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Target Company is satisfied that recovery is remote, the amount considered irrecoverable is written off against receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the property, plant and equipment may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount.

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(h) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before taxation as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

(i) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Target Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(j) Bank balances and cash

Bank balances and cash comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(k) Related parties

(a) A person, or a close member of that person's family, is related to the Target Company if that person:

(i) has control or joint control over the Target Company;

(ii) has significant influence over the Target Company; or

(iii) is a member of the key management personnel of the Target Company's parent.

(b) An entity is related to the Target Company if any of the following conditions applies:

(i) The entity is a member of the same group (which means that each parent, subsidiary and entities controlled by the controlling shareholders is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 DIRECTORS' EMOLUMENTS

Directors' emoluments during the Relevant Periods are disclosed as follows:

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2016					
Executive Director:					
Mr. Huang	–	–	–	–	–
2015					
Executive Director:					
Mr. Huang	–	–	–	–	–
2014					
Executive Director:					
Mr. Huang	–	–	–	–	–

4 PROPERTIES UNDER DEVELOPMENT FOR SALE

	At 31 December		
	2014	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*
Properties under development for sale	673,962	677,969	682,263

(a) The land use right included in properties under development for sale are located in the People's Republic of China ("PRC") with period of right ranging from 40 to 70 years.

(b) The amount of properties under development for sale expected to be recovered after more than one year is analysed as follows:

	At 31 December		
	2014	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*
Properties underdevelopment for sale	673,962	677,969	682,263

5 OTHER RECEIVABLES

Other receivables as at 31 December 2014, 2015 and 2016 are interest free and repayable on demand.

(a) Impairment of receivables

Impairment losses in respect of receivables are recorded using an allowance account unless the Target Company is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against receivables directly (see Note 2(g)).

(b) Receivables that are not impaired

Balances of receivables at 31 December 2014, 2015 and 2016 are neither past due nor impaired, which are related to third parties and debtor for whom there was no recent history of default.

6 BANK BALANCES AND CASH

	At 31 December		
	2014	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*
Cash on hand	4	1	–
Cash at bank	2,518	1,586	973
	2,522	1,587	973

7 OTHER PAYABLES

		At 31 December		
		2014	**2015**	**2016**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to related parties	*(a)*	650,000	650,000	655,000
Other payables		61	51	301
		650,061	650,051	655,301

(a) Amounts due to related parties

	At 31 December		
	2014	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to a shareholder	195,000	195,000	196,500
Amounts due to entities controlled by close family member of Mr. Huang	455,000	455,000	458,500
	650,000	650,000	655,000

As at 31 December 2014, 2015 and 2016, amounts due to related parties represents the advances received from related parties which are unsecured and interest-free with no fixed terms of repayment.

8 CAPITAL

(a) Paid-in capital

As at 31 December 2014 and 2015, the registered capital of the Target Company was RMB34,000,000. According to a resolution passed at the shareholders' meeting held on 5 December 2016, the registered capital of the Target Company was increased by RMB19,684,000 to RMB53,684,000.

As at 31 December 2014, 2015 and 2016, the paid-in capital of the Target Company was RMB34,000,000.

(b) Capital management

The shareholders of the Target Company actively and regularly reviews and manages its capital return and safety. As part of this review, the shareholders of the Target Company consider whether the Target Company will be able to repay its debts when they fall due and provide financial support to the Target Company when needed.

9 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit and liquidity risks arises in the normal course of the Target Company's business. The Target Company is not exposed to significant interest rate risk and currency risk as it has no interest-bearing financial instruments with variable interest rates, and no transactions and balances are in foreign currency. The Target Company's exposure to these risks and the financial risk management policies and practices used by the Target Company to manage these risks are described below.

(a) Credit risk

The Target Company's credit risk is primarily attributable to other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. The Target Company does not provide any guarantees which would expose the Target Company to credit risk.

Further quantitative disclosures in respect of the Target Company's exposure to credit risk arising from other receivables are set out in Note 5.

(b) Liquidity risk

The Target Company is responsible for its own cash management, including raising of loans from related parties to cover expected cash demands.

The Target Company's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short term.

The following table details the remaining contractual maturities at the end of the each reporting period of the Target Company's financial liabilities which are based on contractual undiscounted cash flows and the earliest date the Target Company can be required to pay:

	At 31 December					
	2014		2015		2016	
	Contractual undiscounted cash outflow Within 1 year or on demand	Carrying amount	Contractual undiscounted cash outflow Within 1 year or on demand	Carrying amount	Contractual undiscounted cash outflow Within 1 year or on demand	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other payables	650,061	650,061	650,051	650,051	655,301	655,301

(c) Fair values

The directors of the Target Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the statement of financial position approximate their respective fair values at the end of each reporting period.

10 MATERIAL RELATED PARTY TRANSACTIONS

(a) Material related party transactions during the Relevant Periods are as follows:

	Year ended 31 December		
	2014	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*
Loans from			
– A shareholder	–	–	1,500
– Entities controlled by close family member of Mr. Huang	441,000	–	3,500
Loans repaid to			
– A shareholder	135,000	–	–

(b) Balances with related parties as at the end of each reporting period are as follows:

	At 31 December		
	2014	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to a shareholder	195,000	195,000	196,500
Amounts due to entities controlled by close family member of Mr. Huang	455,000	455,000	458,500

11 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE TARGET COMPANY'S ACCOUNTING POLICIES

Provision for properties under development for sale

As explained in Note 2(d), the Target Company's properties under development for sale are stated at the lower of cost and net realisable value. Based on the latest market information, the Target Company makes estimates of the market price of land based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in provision for properties under development for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties under development for sale in the periods in which such estimate is changed will be adjusted accordingly.

In addition, given the volatility of PRC property market and the unique nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than that estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

12 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON 1 JANUARY 2016

Up to the date of issue of the Historical Financial Information, the IASB has issued a number of amendments and new standards which are not yet effective for period beginning from 1 January 2016 and which have not been adopted in the Historical Financial Information. These include the following which may be relevant to the Target Company.

	Effective for accounting periods beginning on or after
Amendments to IAS 7, *Disclosure initiative*	1 January 2017
Amendments to IAS 12, *Income taxes – Recognition of deferred tax assets for unrealised losses*	1 January 2017
IFRS 9, *Financial instruments (2014)*	1 January 2018
IFRS 9, *Financial instruments (2010)*	1 January 2018
IFRS 9, *Financial instruments (2009)*	1 January 2018
IFRS 15, *Revenue from contracts with customers*	1 January 2018
Annual Improvements to IFRSs 2014-2016 cycle IFRS 1 *First-time Adoption of International Financial Reporting Standards*	1 January 2018
IFRS 16, *Leases*	1 January 2019

The Target Company is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Historical Financial Information.

13 EVENT AFTER THE END OF THE REPORTING PERIOD

On 7 April 2017, Mr. Huang and Ms. Wu, transferred 81% of their equity interests in the Target Company to Xiamen Yuelian Estate Development Co., Limited, a company controlled by Mr. Huang.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 31 December 2016.

(A) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this circular.

KPMG

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF MODERN LAND (CHINA) CO., LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Modern Land (China) Co., Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 31 December 2016 and related notes as set out in Part B of Appendix III to the circular dated 22 June 2017 (the "Circular") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part B of Appendix III to the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of 100% equity interest in Fujian Shengshi Lianbang Real Estate Development Company Limited (the "Proposed Acquisition") on the Group's financial position as at 31 December 2016 as if the Proposed Acquisition had taken place at 31 December 2016. As part of this process, information about the Group's financial position as at 31 December 2016 has been extracted by the Directors from the consolidated financial statements of the Group for the year then ended, on which an audit report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at 31 December 2016 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG
Certified Public Accountants
Hong Kong
22 June 2017

(B) UNAUDITED PRO FORMA FINANCIAL INFORMATION

(1) Introduction to the unaudited pro forma financial information

The following is the unaudited pro forma financial information of the Enlarged Group, being the Group together with the Target Company, as if the Proposed Acquisition had been completed on 31 December 2016 for the unaudited pro forma consolidated statement of assets and liabilities. Details of the Proposed Acquisition are set out in the section headed "Letter from the Board" contained in this Circular.

The unaudited pro forma financial information of the Enlarged Group has been prepared in accordance with Paragraph 4.29 of the Listing Rules, for the purpose of illustrating the effect of the Proposed Acquisition pursuant to the terms of the joint development agreement signed by the Company, through its indirect wholly-owned subsidiary, Zhanlan Tuozhan Real Estate (Beijing) Co., Ltd. (the "Joint Development Agreement"). Because of its hypothetical nature, the unaudited pro forma financial information may not give a true picture of the financial position of the Enlarged Group had the Proposed Acquisition been completed as of the specified date or any future date.

The unaudited pro forma financial information of the Enlarged Group is based upon the consolidated statement of financial position of the Group as at 31 December 2016, which has been extracted from the Group's published annual report for the year then ended, and adjusted on a pro forma basis to reflect the effect of the Proposed Acquisition. These pro forma adjustments are (i) directly attributable to the Proposed Acquisition and not relating to other future events and decision and (ii) factually supportable based on the terms of the Joint Development Agreements.

The unaudited pro forma financial information of the Enlarged Group should be read in conjunction with the historical financial information of the Group set out in the annual report of the Group for the year ended 31 December 2016 and other financial information included elsewhere in this Circular.

(2) Unaudited pro forma consolidated statement of assets and liabilities

		Pro forma adjustments				
	The Group as at 31 December 2016 RMB'000	The Target Company as at 31 December 2016 RMB'000 (note 3a)	Other pro forma adjustments RMB'000 (note 3b)	Other pro forma adjustments RMB'000 (note 3c)	Other pro forma adjustments RMB'000 (note 3d)	The Enlarged Group RMB'000
Non-current assets						
Investment properties	1,820,000	–	–	–	–	1,820,000
Property, plant and equipment	517,273	340	–	–	–	517,613
Intangible assets	2,455	–	–	–	–	2,455
Freehold land held for future development	31,564	–	–	–	–	31,564
Interests in associates	99,890	–	–	–	–	99,890
Interests in joint ventures	643,355	–	–	–	–	643,355
Loans to joint ventures	2,163,958	–	–	–	–	2,163,958
Available-for-sale investments	46,350	–	–	–	–	46,350
Deferred tax assets	274,230	–	–	–	–	274,230
Total non-current assets	5,599,075	340	–	–	–	5,599,415
Current assets						
Inventories	4,737	–	–	–	–	4,737
Properties under development for sale	10,331,289	682,263	(110,000)	–	1,226,548	12,130,100
Properties held for sale	2,277,087	–	–	–	–	2,277,087
Trade and other receivables, deposits and prepayments	2,775,600	177	110,000	–	–	2,885,777
Amounts due from related parties	756,858	–	–	–	–	756,858
Restricted cash	2,177,946	–	–	–	–	2,177,946
Bank balances and cash	4,584,391	973	–	(655,000)	(1,255,000)	2,675,364
Total current assets	22,907,908	683,413	–	(655,000)	(28,452)	22,907,869
Current liabilities						
Trade and other payables, deposits received and accrued charges	9,263,016	655,301	–	(655,000)	–	9,263,317
Amounts due to related parties	2,257,987	–	–	–	–	2,257,987
Taxation payable	1,760,075	–	–	–	–	1,760,075
Bank and other borrowings – due within one year	2,463,064	–	–	–	–	2,463,064
Total current liabilities	15,744,142	655,301	–	(655,000)	–	15,744,443
Net current assets	7,163,766	28,112	–	–	(28,452)	7,163,426
Total assets less current liabilities	12,762,841	28,452	–	–	(28,452)	12,762,841
Non-current liabilities						
Bank and other borrowings – due after one year	3,288,500	–	–	–	–	3,288,500
Senior notes	3,245,630	–	–	–	–	3,245,630
Corporate bond	1,023,769	–	–	–	–	1,023,769
Long term payables	295,317	–	–	–	–	295,317
Deferred tax liabilities	178,159	–	–	–	–	178,159
Total non-current liabilities	8,031,375	–	–	–	–	8,031,375
Net assets	4,731,466	28,452	–	–	(28,452)	4,731,466

(3) Notes to the unaudited pro forma financial information of the Enlarged Group

a. The adjustment represents the Proposed Acquisition as if it had been completed on 31 December 2016 for the unaudited pro forma consolidated statement of assets and liabilities. The adjustment amounts are derived from the financial information of the Target Company as set out in Appendix II to the Circular for the unaudited pro forma consolidated statement of assets and liabilities as at 31 December 2016.

b. Pursuant to the Joint Development Agreement, when the portion of the Land designated for commercial use is developed to the stage that it can be pre-sold, the commercial properties erected on the Land with an estimated GFA of approximately 80,000 square metres will be repurchased by the Vendor with the consideration of RMB110,000,000 plus the related development cost in accordance with the terms of the Joint Development Agreement. As the development of that portion of the Land is controlled by the Vendor and it will be repurchased by the Vendor at costs, the risks and awards of that portion of the Land will not be transferred to the Company pursuant to the Joint Development Agreement, therefore, the Group will recognise the related cost of RMB110,000,000, and any development cost incurred subsequently, as receivables from the Vendor on the consolidated financial statements after the completion of the Proposed Acquisition and before the commercial properties are repurchased by the Vendor, the adjustment represents the reclassification of the related land cost of RMB110,000,000 recorded in properties under development for sale in the Target Company's financial statements as receivables from the Vendor on the consolidated financial statements.

c. Pursuant to the Joint Development Agreement, the aggregate consideration included the payment of other payables to the shareholders and related parties of the Target Company of RMB196,500,000 and RMB458,500,000, totalled RMB655,000,000, the adjustment represents the settlement of other payables to the shareholders and related parties as part of the aggregate consideration.

d. The adjustments represent the cash consideration for the acquisition (excluding repayment of other payables to the shareholders and related parties mentioned in note c) and the fair values adjustment of the identifiable assets and liabilities.

The Target Company is a project company established for real estate development in Quanzhou. Given that the project was in initial planning stage at the date of the Joint Development Agreement, the Target Company is not expected to be capable of being conducted and managed to provide a return to its shareholders by way of dividends, lower costs or other economic benefits prior to the completion of the Proposed Acquisition. Therefore, the assets acquired and liabilities assumed in the Target Company did not constitute a business as defined in IFRS 3 *Business Combinations* and, as a result, the Proposed Acquisition will be accounted for as assets acquisition. The cost of acquisition is allocated between the individual identifiable assets and liabilities in the Target Company based on their relative fair values at the acquisition date and for the purpose of the unaudited pro forma financial information, the directors determine the fair values of the identifiable assets and liabilities with reference to a valuation report issued by an independent valuer.

The fair values of identifiable assets acquired and liabilities assumed as follows:

	Book values	Fair value adjustments	Carrying amounts recognized in the consolidated financial statements
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	340	–	340
Properties under development for sale	572,263	1,226,548	1,798,811
Trade and other receivables, deposits and prepayments	110,177	–	110,177
Bank balances and cash	973	–	973
Trade and other payables, deposits received and accrued charges	(655,301)	–	(655,301)
Total	**28,452**	**1,226,548**	**1,255,000**

The fair values of the identifiable assets and liabilities of the Target Company are subject to change upon the completion of the valuation of the fair values of the identifiable assets and liabilities of the Target Company at the date of completion of the Proposed Acquisition. Consequently, the actual allocation of the cost of acquisition at the date of completion will likely result in different amounts than those stated in this unaudited pro forma financial information.

e. No adjustment has been made to the unaudited pro forma financial information for acquisition-related costs (including fees to legal advisers, reporting accountants, printers, taxes and levies and other expenses) as the Directors determined that such costs are insignificant.

f. Apart from the adjustments as stated above, no adjustment has been made to reflect any trading results or other transactions of the Enlarged Group entered into subsequent to 31 December 2016.

This Appendix summarises the business and financial results and other financial information of Shengshi Lianbang for the years ended 31 December 2014, 2015 and 2016.

BUSINESS AND FINANCIAL RESULTS OF SHENGSHI LIANBANG

Shengshi Lianbang was established in the PRC with limited liability on 30 August 2013, which holds the land use rights of the Land located at Chidian Town, Jinjiang, Quanzhou, Fujian Province, the PRC.

As at the Latest Practicable Date, Shengshi Lianbang is a project company established for the development of the Land.

Revenue and gross profit

Revenue and gross profit of Shengshi Lianbang for the years ended 31 December 2014, 2015 and 2016 are as follows:

	Year ended 31 December		
	2014	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	–	–	–
Gross profit	–	–	–

During the years ended 31 December 2014, 2015 and 2016, Shengshi Lianbang generated no revenue.

Cost of sales

	Year ended 31 December		
	2014	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	–	–	–

Shengshi Lianbang had no cost of sales for the years ended 31 December 2014, 2015 and 2016.

Administrative expenses and income tax

	Year ended 31 December		
	2014	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*
Administrative expenses	(1,935)	(2,034)	(1,644)
Income tax expenses	–	–	–

Administrative expenses primarily consist of office expenses and project management expenditures, which is insignificant during the respective years.

There is no income tax expense during the respective years.

Loss for the years

	Year ended 31 December		
	2014	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*
Loss from operations and loss before taxation	(1,827)	(1,995)	(1,626)
Income tax expenses	–	–	–
Loss and total comprehensive income for the year	(1,827)	(1,995)	(1,626)

Shengshi Lianbang recorded a loss for each of the years ended 31 December 2014, 2015 and 2016 with no income tax expenses.

FINANCIAL POSITION AND OTHER INFORMATION OF SHENGSHI LIANBANG

Financial resources and gearing ratio

Shengshi Lianbang generally finances its operations with paid-in capital and the borrowings from a shareholder and entities controlled by close family member of the key management.

As at 31 December 2014, 2015 and 2016, Shengshi Lianbang's borrowings from a shareholder and entities controlled by close family member of the key management were as follows:

(i) Borrowings from a shareholder and entities controlled by close family member of the key management

	As at 31 December					
	2014		2015		2016	
	Contractual undiscounted cash outflow within 1 year or on demand	**Carrying amount**	**Contractual undiscounted cash outflow within 1 year or on demand**	**Carrying amount**	**Contractual undiscounted cash outflow within 1 year or on demand**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loan from a shareholder	195,000	195,000	195,000	195,000	196,500	196,500
Loan from entities controlled by close family member of the key management of Shengshi Lianbang	455,000	455,000	455,000	455,000	458,500	458,500
Total	650,000	650,000	650,000	650,000	655,000	655,000

Amounts due to a shareholder and entities controlled by close family member of the key management are unsecured, denominated in RMB and interest-free with no fixed terms of repayment. The balances included RMB650,000,000, RMB650,000,000 and RMB655,000,000 as at 31 December 2014, 2015 and 2016, respectively.

(ii) Bank borrowings

As at 31 December 2014, 2015 and 2016, Shengshi Lianbang did not have any bank borrowings.

CONTINGENT LIABILITIES

As at 31 December 2016, Shengshi Lianbang had no material contingent liability.

CHARGE ON ASSETS

As at 31 December 2016, Shengshi Lianbang had no charge on assets.

FOREIGN CURRENCIES

For the years ended 31 December 2014, 2015 and 2016, there were no formal treasury policies for Shengshi Lianbang. The transactions and monetary assets of Shengshi Lianbang are principally denominated in RMB. Shengshi Lianbang has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates for the years ended 31 December 2014, 2015 and 2016. Shengshi Lianbang did not employ any material financial instrument for hedging purposes.

EMPLOYEES' REMUNERATION AND POLICY

During the years ended 31 December 2014, 2015 and 2016, no remuneration were paid to the employees of Shengshi Lianbang.

SEGMENTAL ANALYSIS

Shengshi Lianbang is mainly engaged in property development in the PRC. It is the project company established for the development of the Land. As Shengshi Lianbang is still in its early stage of development, therefore revenue was not classified by business segments for the time being.

SIGNIFICANT INVESTMENTS HELD

During the years ended 31 December 2014, 2015 and 2016, Shengshi Lianbang did not hold any significant investments except for its interest in the Land.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the years ended 31 December 2014, 2015 and 2016, Shengshi Lianbang did not have any material acquisitions or disposals.

PROSPECTS OF SHENGSHI LIANBANG

Shengshi Lianbang is involved in property development in the PRC. It is expected that it will continue with the development of the Land. In view of the designated uses and development potential of the Land, the Board considers that the Acquisition offers a good opportunity for the Group to enhance its portfolio in the property market in Fujian Province, the PRC with a view to bringing more investment return for the Shareholders. Save for the development of the Land, Shengshi Lianbang has no other investment plan.

The following is the text of the letter and valuation certificate prepared by DTZ Cushman & Wakefield in connection with the valuation of the property intended to be acquired by the Group as at 30 April 2017 for the purpose of incorporation in this circular.

CUSHMAN & WAKEFIELD
戴德梁行

16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

22 June 2017

The Directors
Modern Land (China) Co., Limited
4th Floor
Building No. 10
No. 1 Xiangheyuan Road
Dongcheng District
Beijing
the PRC

Dear Sirs,

Re: A parcel of land situated south of Fengchi Road, east of Quanan Road, west of Heping Road, north of Xinfang Road, Chengbei District, Jinjiang, Quanzhou, Fujian Province, the PRC

Instructions, Purpose & Date of Valuation

In accordance with your instructions for us to value a property situated in the People's Republic of China (the "PRC") intended to be acquired by Modern Land (China) Co., Limited (the "Company") and its subsidiaries (hereinafter referred to as the "Group"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing the Group with our opinion of the market value of the property as at 30 April 2017 (the "date of valuation").

Definition of Market Value

Our valuation of the property represents its market value which in accordance with The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Valuation Basis And Assumption

Our valuation of the property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoing of an onerous nature which could affect its value.

In the course of our valuation of the property in the PRC, we have assumed that transferable land use rights in respect of the property for a specific term at nominal annual land use fees have been granted and that any premium has already been fully settled. We have relied on the advice given by the Group regarding the title to the property. For the purpose of our valuation, we have assumed that the grantee has an enforceable title to the property.

In valuing the property in the PRC, we have assumed that the grantees or the users of the property have free and uninterrupted rights to use or to assign the property for the whole of the unexpired term as granted.

In valuing the property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards 2012 Edition published by The Hong Kong Institute of Surveyors.

Method of Valuation

We have valued the property on the basis that it will be developed and completed in accordance with the latest development proposal provided to us by the Group. We have assumed that all consents, approvals and licences from relevant government authorities for the development proposal will be obtained without onerous conditions or delays. We have also assumed that the design and construction of the developments are in compliance with the local planning and other relevant regulations and have been approved by the relevant authorities. In arriving at our valuation, we have adopted Direct Comparison Method by making reference to comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs as well as the costs that will be expended to complete the development.

Source of Information

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as development proposal, construction costs planning approvals or statutory notices, easements, tenure, identification of land, site and floor areas, development proposal, construction costs and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised that no material facts have been omitted from the information supplied.

Title Investigation

We have been provided with copies of documents in relation to the title to the property. However, we have not been able to conduct searches to verify the ownership of the property or to ascertain any amendment which may not appear on the copies handed to us.

All documents and leases have been used for reference only and all dimensions, measurements and areas are approximate.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and its legal adviser, 北京市中倫文德律師事務所, in respect of the title to the property in the PRC.

Site Inspection

We have inspected the property. The site inspection was carried out on 8 May 2017 by Ms. Iris Ge of our Xiamen office. We have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the copies of the documents handed to us are correct.

Currency

Unless otherwise stated, all monetary amounts stated in this valuation report are in Renminbi ("RMB"), the official currency of the PRC.

We enclose herewith and our valuation certificate.

Yours faithfully,
For and on behalf of
DTZ Cushman & Wakefield Limited

Andrew K. F. Chan
MSc, MRICS, MHKIS, MCIREA, RPS(GP)
Regional Director
Valuation & Advisory Services, Greater China

Note: Mr. Andrew K.F. Chan is a Registered Professional Surveyor (General Practice) who has over 29 years' experience in the valuation of properties in the PRC.

VALUATION CERTIFICATE

Property intended to be acquired by the Group for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017
A parcel of land situated south of Fengchi Road, east of Quanan Road, west of Heping Road, north of Xinfang Road, Chengbei District, Jinjiang, Quanzhou, Fujian Province, the PRC	The property comprises a parcel of land with a site area of 133,254 sq m. The property is a planned development of hotel, commercial, office and residential use. The property has a total permissible gross floor area of 506,365 sq m. The property is located in the urban area of Jinjiang, Quanzhou. Developments nearby are mainly residential and commercial in nature. According to the information provided by the Group, the property is designed for residential and commercial use. The land use rights of the property have been granted for terms of 40 years due to expire on 5 July 2053 for commercial and hotel uses, 50 years due to expire on 5 July 2063 for office use and 70 years due to expire on 5 July 2083 for residential use.	As at the date of valuation, the property was a vacant site.	RMB1,910,000,000

Notes:–

(1) According to Grant Contract of Land Use Rights No. 35058220130T05G093 and its Supplemental Contract entered into among the Jinjiang Municipal Bureau of Land and Resources (晉江市國土資源局), 廈門新景地集團有限公司 and Fujian Shengshi Lianbang Real Estate Development Company Limited (福建盛世聯邦置業發展有限公司) in July 2013 and September 2013 respectively, the land use rights of the property have been contracted to be granted to Fujian Shengshi Lianbang Real Estate Development Company Limited with details as follows:–

(i)	Site Area	:	133,254 sq m
(ii)	Use	:	Hotel, commercial, office and residential
(iii)	Land Premium	:	RMB650,000,000
(iv)	Total Gross Floor Area	:	506,365 sq m
(v)	Plot Ratio	:	2.0 to 3.8
(vi)	Building covenant	:	Construction shall commence before 5 January 2014 and complete before 5 July 2016

(2) As stated in the Grant Contract of Land Use Rights and its supplemental contract thereto, the construction works shall commence on 5 January 2014 and be completed prior to 5 July 2016. As advised by the Group, due to a combination of a number of objective factors, including but not limited to the fact that part of the property is occupied by the government and the power transmission lines have not been relocated, the construction works on the property cannot be implemented as scheduled and the commencement and completion dates of the construction works as stated in the Grant Contract of Land Use Rights have lapsed. According to Article 26 of the Law of the PRC on the Administration of Urban Real Estate, the penalty shall not be charged where the commencement of construction works is delayed due to force majeure, an act of the government or relevant government departments, or preliminary work necessary for the commencement of construction.

As explained above and advised by the Group, the delay in commencement of the construction works on the property is not caused by Fujian Shengshi Lianbang Real Estate Development Company Limited and Fujian Shengshi Lianbang Real Estate Development Company Limited has legal basis to file an application for the extension of the period of construction works on the property. Fujian Shengshi Lianbang Real Estate Development Company Limited is in the process of applying for the extension of the completion date of the construction works until 30 May 2020. The application for the extension of the completion date of the construction works is accepted by the relevant land authority on a preliminary basis, which indicates that the property is not considered as idle land by the government. It is expected that the approval of the extension application will be obtained on or around 30 June 2017. If the Group is able to complete the construction works by such extended completion date, no idle land fee or penalty shall be payable.

As per the instruction from the Group, in valuing the property, we have disregarded it in our valuation and have assumed that no additional premium is required to be paid to the relevant government authorities or penalty has been fully settled for this issue.

(3) According to four State-owned Land Use Rights Certificates listed below, the land use rights of the property have been vested in Fujian Shengshi Lianbang Real Estate Development Company Limited with details as follows:–

Certificate No.	**Date of issue**	**Use**	**Land use term**	**Site area** *(sq m)*
(2014) 01160	30 July 2014	Commercial, hotel, office and residential	40 years due to expire on 5 July 2053 for commercial and hotel uses, 50 years due to expire on 5 July 2063 for office use and 70 years due to expire on 5 July 2083 for residential use	29,347
(2014) 01161	30 July 2014			37,280
(2014) 01162	30 July 2014			37,280
(2014) 01163	30 July 2014			29,347
Total:				133,254

(4) According to Planning Permit for Construction Use of Land No. 2160192 dated 15 February 2015, the construction site of the property with a total site area of 133,254 sq m is in compliance with the requirements of urban planning requirement.

(5) According to Planning Permit for Construction Works No. 3160462 and 3160463 issued by the Planning Bureau of Jinjiang Municipal (晉江城市規劃局) dated 4 November 2016, the construction works of portions of the property with a total planned gross floor area of 283,328 sq m are in compliance with the urban planning requirements and have been approved.

(6) According to Business Licence No. 91350500077414447F, Fujian Shengshi Lianbang Real Estate Development Company Limited has been established as a limited company with a registered capital of RMB34,000,000 for a valid operating period until 29 August 2043.

(7) We have been provided with a legal opinion on the title to the property, which contains, inter-alia, the following information:–

(a) Fujian Shengshi Lianbang Real Estate Development Company Limited has obtained the land use rights of the property;

(b) All the land premium stated in the Grant Contract of Land Use Rights has been duly settled; and

(c) Fujian Shengshi Lianbang Real Estate Development Company Limited has the rights to freely occupy, uses, lease, transfer, mortgage and dispose of the land use rights of the property.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors and Chief Executive

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company were as follows:

Names of Directors	**Nature of interest**	**Number of Shares** *(Note 8)*	**Approximate percentage of shareholding**
Zhang Lei	Beneficiary of a trust	1,661,175,700 (L) *(Note 1)*	66.34%
	Beneficial owner	19,497,400 (L) *(Notes 2 & 7)*	0.78%
Zhang Peng	Interest in a controlled corporation	5,438,400 (L) *(Notes 3)*	0.22%
	Beneficial owner	14,900,000 (L) *(Notes 4 & 7)*	0.60%
Chen Yin	Interest in a controlled corporation	6,283,200 (L) *(Note 5)*	0.25%
Fan Qingguo	Interest in a controlled corporation	5,438,400 (L) *(Note 6)*	0.22%
Hui Chun Ho, Eric	Beneficial owner	500,000 (L) *(Note 7)*	0.02%

Notes:

1. Such 1,661,175,700 Shares are held by Super Land as a registered holder. The entire issued share capital of Super Land is wholly-owned by Fantastic Energy Ltd., the entire issued share capital of which is in turn wholly-owned by TMF (Cayman) Limited as the trustee of the family trust. The said family trust is a discretionary trust established by Mr. Salum Zheng Lee as the settlor and the capital and income beneficiaries thereof include Mr. Salum Zheng Lee, Mr. Zhang Lei and their respective daughters. Mr. Salum Zheng Lee is the younger brother of Mr. Zhang Lei. Therefore, Mr. Zhang Lei is deemed to have the same interest in the Company.

2. 8,479,900 Shares out of the 19,497,400 Shares are beneficially held by Mr. Zhang Lei in his own capacity while the remaining 11,017,500 Shares are held pursuant to share options granted under the Share Option Scheme.

3. Mr. Zhang Peng holds 100% of the issued share capital of Zhou Ming Development Ltd., which owns 5,438,400 Shares out of the issued share capital of the Company. Therefore, Mr. Zhang Peng is deemed to have the same interest in the Company.

4. 2,750,000 Shares out of the 14,900,000 Shares are beneficially held by Mr. Zhang Peng in his own capacity while the remaining 12,150,000 Shares are held pursuant to the share options granted under the Share Option Scheme.

5. Mr. Chen Yin holds 100% of the issued share capital of Dragon Shing Technology Ltd., which owns 6,283,200 Shares out of the issued share capital of the Company. Therefore, Mr. Chen Yin is deemed to have the same interest in the Company.

6. Mr. Fan Qingguo holds 100% of the issued share capital of Create Success Development Ltd., which owns 5,438,400 Shares out of the issued share capital of the Company. Therefore, Mr. Fan Qingguo is deemed to have the same interest in the Company.

7. Such share interest (including Mr. Zhang Lei's interest in 11,017,500 Shares, Mr. Zhang Peng's interest in 12,150,000 Shares and Mr. Hui Chun Ho, Eric's interest in 500,000 Shares) is held pursuant to the share options granted under the Share Option Scheme.

8. "L" stands for a long position in the Shares.

(b) Substantial Shareholders

So far as is known to any Director or the chief executive of the Company, as at the Latest Practicable Date, Shareholders who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Names of Shareholders	**Nature of interest**	**Number of Shares** *(Note 3)*	**Approximate percentage of shareholding**
Super Land	Registered holder	1,661,175,700 (L) *(Note 1)*	66.34%
Fantastic Energy Ltd.	Interest in a controlled corporation	1,661,175,700 (L) *(Note 1)*	66.34%
TMF (Cayman) Limited	Trustee	1,661,175,700 (L) *(Note 1)*	66.34%

Names of Shareholders	Nature of interest	Number of Shares *(Note 3)*	Approximate percentage of shareholding
Salum Zheng Lee	Settlor of a discretionary trust	1,661,175,700 (L) *(Note 1)*	66.34%
Zhang Degui	Interest of a spouse	1,661,175,700 (L) *(Note 2)*	66.34%

Notes:

1. Such 1,661,175,700 Shares are held by Super Land as a registered holder. The entire issued share capital of Super Land is wholly-owned by Fantastic Energy Ltd., the entire issued share capital of which is in turn wholly-owned by TMF (Cayman) Limited as the trustee of the family trust. The said family trust is a discretionary trust established by Mr. Salum Zheng Lee as the settlor and the capital and income beneficiaries thereof include Mr. Salum Zheng Lee, Mr. Zhang Lei and their respective daughters. Mr. Salum Zheng Lee is therefore deemed to be interested in 1,661,175,700 Shares held by the family trust.

2. Ms. Zhang Degui is the spouse of Mr. Salum Zheng Lee and is therefore deemed to be interested in 1,661,175,700 Shares held by the family trust.

3. "L" stands for a long position in the Shares.

Save as disclosed above, so far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

As at the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, each of Mr. Zhang Lei and Mr. Chen Yin entered into a service contract with the Company, pursuant to which each of them agreed to act as an executive Director for a term of three years with effect from 14 June 2016. Mr. Zhang Peng entered into a service contract with the Company to act as an executive Director for a term of three years with effect from 27 January 2017. Each of Mr. Fan Qingguo and Mr. Zhong Tianxiang entered into a service contract with the Company, pursuant to which each of them agreed to act as a non-executive Director for a term of three years with effect from 26 August 2014. Mr. Chen Zhiwei entered into a service contract with the Company to act as a non-executive Director for a term of three years with effect from 30 December 2016. Mr. Chen Anhua entered into a service contract with the Company to act as a non-executive Director for a term of three years with effect from 27 January 2017. Each of Mr. Qin Youguo, Mr. Cui Jian and Mr. Hui Chun Ho, Eric entered into a letter of appointment with the Company, pursuant to which each of them agreed to act as an independent non-executive Director for a term of three years with effect from 14 June 2016. Mr. Zhong Bin entered into a letter of appointment with the Company to act as an independent non-executive Director for a term of three years with effect from 27 January 2017.

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Company (excluding contracts expiring or determinable within one year without payment of compensation, other than statutory compensation).

4. COMPETITING BUSINESS INTEREST OF DIRECTORS

In order to eliminate competing business with the Group, Mr. Zheng Lei and Mr. Salum Zheng Lee, among others, entered into a deed of non-competition with the Company on 14 June 2013.

In compliance with the above-mentioned non-competition deed, each of Mr. Zhang Lei and Mr. Salum Zheng Lee made a declaration that all material terms of the non-competition deed have been fully complied with in all material aspects on an annual basis. Mr. Zhang Lei and Mr. Salum Zheng Lee (among others) have confirmed in the non-competition deed that save for the Modern Building Business Hotel project, none of them is engaged in, or is interested in any business (other than the Group) which, directly or indirectly, competes or may compete with the business of the Group.

As at the Latest Practicable Date, save as disclosed above, so far as the Directors were aware, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, the date to which the latest published audited accounts of the Company are made up.

6. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or arbitration proceedings of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Enlarged Group.

7. MATERIAL CONTRACTS

The following contracts have been entered into by the Enlarged Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this circular and is or may be material:

(1) on 15 July 2015, the Company and Kingston Securities Limited entered into a conditional placing agreement in relation to the placing of up to 320,000,000 Shares at a price of HK$1.05 per Share to not less than six placees;

(2) on 18 August 2015, Shengeng Zhiye Investment (Beijing) Co., Ltd., Shaanxi Hongsheng Industrial Group Company Limited and Shaanxi Hejin Mineral Company Limited entered into an equity transfer agreement whereby Shengeng Zhiye Investment (Beijing) Co., Ltd. agreed to acquire 26% and 25% equity interest in Shaanxi Zhuoli Industrial Company Limited from Shaanxi Hongsheng Industrial Group Company Limited and Shaanxi Hejin Mineral Company Limited, respectively, at an aggregate consideration of RMB10,200,000, and Shengeng Zhiye Investment (Beijing) Co., Ltd. shall provide Shaanxi Zhuoli Industrial Company Limited with a loan in an amount of RMB200,000,000;

(3) four interest transfer agreements dated 16 September 2015, 17 September 2015, 18 September 2015 and 19 September 2015 entered into among Modern Green Development, San Sheng Hong Ye and Shihezi Hong Rui Rui An Equity Investment Partnership whereby the aggregate interest of RMB200,000,000 in Shanghai Zhong Cheng Can Shuo Investment Centre were transferred by San Sheng Hong Ye (on behalf of Modern Green Development) to Shihezi Hong Rui Rui An Equity Investment Partnership at a consideration of RMB200,000,000;

(4) on 12 October 2015, Modern Green Development and Tujia Network Technology (Beijing) Company Limited entered into a strategic cooperation framework agreement, pursuant to which the parties agreed to establish a cooperation framework in respect of the management services of community apartments;

(5) on 20 October 2015, the Company and AVIC Trust Co., Ltd. entered into an equity transfer agreement whereby the Company agreed to acquire from AVIC Trust Co., Ltd. 35% equity interest in Nanchang Xinjian Modern Real Estate Development Co., Ltd. at a consideration of RMB80,500,000;

(6) on 8 January 2016, Modern Green Development and Huainan Xinyi Real Estate Development Co., Ltd. entered into an equity transfer agreement whereby Modern Green Development agreed to acquire from Huainan Xinyi Real Estate Development Co., Ltd. 49% equity interest in Anhui MOMA Development Co., Ltd. for a consideration of RMB65,000,000;

(7) on 15 April 2016, the Company and AVIC Trust Co., Ltd. entered into an equity transfer agreement whereby the Company agreed to acquire from AVIC Trust Co., Ltd. 35% equity interest in Nanchang Moma Real Estate Co., Ltd. for a consideration of RMB161,083,555.85;

(8) on 29 April 2016, the Company, Great Wall Pan Asia International Investment Co., Limited and Modern Land (HKNo. 5) Limited entered into a termination agreement to whereby it was agreed that, among other things, the joint venture arrangement between the Company and Great Wall Pan Asia International Investment Co., Limited shall be terminated and the Company shall buy back the remaining shareholding in each of Modern Land (HKNo. 5) Limited and Modern Land (HKNo. 1) Limited for an aggregate consideration of HK$98;

(9) on 30 May 2016, Modern Land Seattle, LLC, Modern Green Land Bellevue LLC and CW Development LLC entered into a limited liability company agreement to form MGCW, LLC with the investment amount to be contributed by Modern Land Seattle, LLC, Modern Green Land Bellevue LLC and CW Development LLC to be US$15,300,000, US$7,200,000 and US$7,500,000, respectively;

(10) on 20 June 2016, Yuedong Benpao Real Estate (Beijing) Company Limited ("Yuedong Benpao") (as purchaser) and Nanjing Xinhe Property Development Company Limited ("Nanjing Xinhe") (as vendor) entered into an equity transfer agreement whereby Nanjing Xinhe agreed to dispose of, and Yuedong Benpao agreed to acquire, 100% equity interest in Nanjing Xinlei Property Development Company Limited ("Nanjing Xinlei") at the consideration of RMB340,000,000.

On the same date, Yuedong Benpao, Nanjing Xinhe, Nanjing Iron & Steel Group Corporation, Wuhan Sanjing Property Development Company Limited and Nanjing Xinlei entered into a debt settlement agreement whereby Yuedong Benpao agreed to settle on behalf of Nanjing Xinlei the debt in the aggregate amount of RMB680,503,958.31 owed by Nanjing Xinlei to Nanjing Xinhe, Nanjing Iron & Steel Group Corporation and Wuhan Sanjing Property Development Company Limited as at 29 February 2016;

(11) on 27 June 2016, Modern Green Development and Shenzhen Pingan Dahua Huitong Wealth Management Company Limited entered into an equity transfer agreement whereby Modern Green Development agreed to acquire from Shenzhen Pingan Dahua Huitong Wealth Management Company Limited 5% equity interest in Wuhan Modern Green Development Co., Ltd. for a consideration of RMB10,000,000;

(12) on 8 September 2016, the Company entered into a subscription agreement with Great Wall Pan Asia International Investment Company Limited, pursuant to which Great Wall Pan Asia International Investment Company Limited conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue a total of 172,872,000 subscription Shares at the subscription price of HK$1.01;

(13) on 6 October 2016, Modern Land Seattle, LLC (an indirect wholly-owned subsidiary of the Company) (as purchaser), CW Development LLC (as vendor), Modern Green Land Bellevue LLC and MGCW, LLC entered into a purchase agreement, pursuant to which, among other things, Modern Land Seattle, LLC agreed to acquire from CW Development LLC 25% ownership interest in MGCW, LLC for the consideration of US$5,820,379.87;

(14) on 13 October 2016, the Company, certain subsidiaries of the Company organised outside the PRC, Guotai Junan Securities (Hong Kong) Limited, Morgan Stanley & Co. International plc, The Hongkong and Shanghai Banking Corporation Limited, UBS AG Hong Kong Branch, VTB Capital plc and Zhongtai International Securities Limited entered into a purchase agreement in connection with the issue of US$350,000,000 6.875% senior notes due 2019;

(15) on 3 November 2016, the Company entered into the subscription agreement with China Cinda (HK) Asset Management Co., Limited, pursuant to which the China Cinda (HK) Asset Management Co., Limited conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue a total of 243,525,000 subscription Shares at the subscription price of HK$1.10;

(16) on 9 December 2016, Modern Land Seattle, LLC (as vendor) and America Great Wall Modern Land Green (Seattle) Holding LLC (as purchaser) entered into an interest purchase agreement, pursuant to which, among other things, Modern Land Seattle, LLC agreed to sell and America Great Wall Modern Land Green (Seattle) Holding LLC agreed to purchase 76% ownership interest in MGCW, LLC for the consideration of US$18,785,806.25;

(17) on 29 December 2016, the Company, certain subsidiaries of the Company organised outside the PRC, Guotai Junan Securities (Hong Kong) Limited and Zhongtai International Securities Limited entered into a purchase agreement in connection with the issue of the additional US$ denominated senior notes due 2019 in the aggregate principal amount of US$150,000,000 by the Company;

(18) on 3 March 2017, Tengfei Moma (as purchaser) entered into an equity transfer agreement with Mr. Guan and Xizang Yulong (as vendors) and Zhonglian Shengming whereby Tengfei Moma conditionally agreed to acquire 2% and 98% equity interest (in aggregate 100% equity interest) in Zhonglian Shengming from Mr. Guan and Xizang Yulong, respectively, at the consideration of RMB949,850,000;

(19) on 11 March 2017, Beijing New Power entered into certain partnership interest transfer agreements to acquire approximately 51.31% and 61.02% partnership interest in Lifeng No. 1 and Lifeng No. 2, respectively, for an aggregate consideration of RMB3,735,000. On the same date, Lifeng No. 1 and Lifeng No. 2 entered into certain equity transfer agreements to dispose of 3.97% and 2.18%

equity interest in First Moma Renju Environmental Technology (Beijing) Company Limited, respectively for the exchange of giving up the transferees' rights of distribution in Lifeng No. 1 and Lifeng No. 2;

(20) on 5 April 2017, Hongye Benpao, an indirect wholly-owned subsidiary of the Company, entered into an equity cooperation agreement with Tianhao Investment and Hongchuang Real Estate, pursuant to which, among other things, Hongye Benpao shall acquire the entire equity interest of Hongchuang Real Estate and the total sum of loans and debts owed by Hongchuang Real Estate to Tianhao Investment and other existing creditors as at the date of the equity cooperation agreement at an aggregate consideration of approximately RMB230,877,436;

(21) on 5 April 2017, Zhihui Hongye, an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Yongxin Investment, Yinhao Investment and Xinlong Real Estate, pursuant to which, among other things, Zhihui Hongye shall acquire the entire equity interest in Xinlong Real Estate and the total sum of loans and debts owed by Xinlong Real Estate to Yinhao Investment and Yongxin Investment as at the date of the equity transfer agreement at an aggregate consideration of approximately RMB202,275,598;

(22) the Joint Development Agreement;

(23) on 5 May 2017, Zhanlan MOMA and Modern Green Development (both being indirect wholly-owned subsidiaries of the Company) entered into an equity and loan transfer agreement with Jiang Yang Group Co., Ltd, Ms. Chen Jun and Mr. Ding Wenquan, pursuant to which, Zhanlan MOMA agreed to acquire the entire equity interest in the target company, namely Jiang Yang Jin Xin and settle the outstanding loans owed by Jiang Yang Jin Xin to its external creditor(s) at a total consideration of RMB434,000,000;

(24) on 9 May 2017, Modern Green Development entered into an agreement with Zhongcheng Canshuo Investment, Hongrui Investment and Zhongcheng Allied Investment whereby it was agreed that, among other things, major decisions of the board of directors of Wuhan Moma (a company held as to 51% by the Company and was accounted for as a joint venture of the Group before the entering into of the Agreement) shall be resolved by a simple majority of the members of the board of directors instead of unanimous approval of all directors;

(25) on 22 May 2017, Modern Green Development entered into an agreement with Dingxin Changcheng, Shengeng Investment and Yingtan Dingxin whereby it was agreed that, among other things, major decisions of the board of directors of Shengeng Investment (a company held as to 51% and 49% by Modern Green Development and Yingtan Dingxin, respectively, and a non wholly-owned subsidiary of the Company) shall be resolved by an unanimous approval instead of a majority approval; and

(26) on 16 June 2017, the parties to the Transfer Agreement entered into the Termination Agreement whereby the parties agreed to terminate the Transfer Agreement with immediate effect and the Vendors shall refund the first instalment of the consideration under the Transfer Agreement to Zhanlan MOMA.

8. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular or have given opinion or letter contained in this circular:

Name	Qualifications
KPMG	Certified Public Accountants
DTZ Cushman & Wakefield	Property valuer

As at the Latest Practicable Date, KPMG and DTZ Cushman & Wakefield have given and have not withdrawn their written consent to the issue of this circular with the inclusion therein of their letters and references to their names, in the form and context in which they are included.

As at the Latest Practicable date, KPMG and DTZ Cushman & Wakefield did not have any shareholding in any member of the Enlarged Group and did not have the right to subscribe for or to nominate persons to subscribe for shares in any members of the Enlarged Group.

As at the Latest Practicable Date, KPMG and DTZ Cushman & Wakefield Limited did not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Enlarged Group, or which are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Company were made up.

9. GENERAL

(a) None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Enlarged Group or proposed to be so acquired, disposed of by or leased to any member of the Group since 31 December 2016, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.

(b) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Enlarged Group, which was subsisting and was significant in relation to the business of the Enlarged Group.

(c) The company secretary of the Company is Mr. Yeung Tak Yip. Mr. Yeung is a fellow member of Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

(d) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

(e) The principal place of business of the Company in Hong Kong is Room 505, ICBC Tower, 3 Garden Road, Central, Hong Kong.

(f) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited.

(g) The principal share registrar and transfer office of the Company is Royal Bank of Canada Trust Company (Cayman) Limited.

(h) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at Room 505, ICBC Tower, 3 Garden Road, Central, Hong Kong during normal business hours on any weekdays, except public holidays, from the date of this circular up to and including 6 July 2017:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the years ended 31 December 2014, 2015 and 2016;

(c) the accountant's report on Shengshi Lianbang, the text of which is set out in Appendix II to this circular;

(d) the report on the unaudited pro forma financial information of the Enlarged Group upon the completion of the Acquisition, the text of which is set out in Appendix III to this circular;

(e) the property valuation report of the property interests held by Shengshi Lianbang, the text of which is set out in Appendix V to this circular;

(f) the material contracts as referred to in the section headed "Material Contracts" of this Appendix;

(g) the written consents of the experts as referred to in the section headed "Experts and Consents" of this Appendix;

(h) the Joint Development Agreement; and

(i) this circular.